

not require draw ticket verification independent of the keno department. (The draw information may be compared to the rabbit ears at the time the balls are drawn provided it is done without the knowledge of keno personnel and it is subsequently compared to the keno draw ticket.)

(11) Documentation (e.g., logs, checklists, etc.) shall be maintained and shall evidence the performance of all keno audit procedures.

(12) Non-keno management shall review keno audit exceptions, perform investigations into unresolved exceptions and document results.

(13) Copies of all Keno tickets and the video tape of the rabbit ears shall be maintained for at least seven days.

(i) Standards for multi-race keno tickets. (1) Procedures shall be established to notify keno personnel immediately of large multi-race winners to ensure compliance with the standard in paragraph (d)(3) of this section.

(2) Controls shall exist to ensure that keno personnel are aware of multi-race tickets still in process at the end of a shift.

(j) For any authorized computer applications, alternate documentation and/or procedures that are at least at the level of control described by the standards in this section may be acceptable.

**§ 542.9 What are the minimum internal control standards for computerized keno?**

(a) Game play standards. (1) The computerized customer ticket shall include the date, game number, ticket sequence number, station number, and conditioning (including multi-race if applicable).

(2) Concurrently with the generation of the ticket the information on the ticket shall be recorded on a restricted transaction log or computer storage media.

(3) Keno personnel shall be precluded from access to the restricted transaction log or computer storage media.

(4) When it is necessary to void a ticket, the void information shall be inputted in the computer and the computer shall document the appropriate information pertaining to the voided

wager (e.g., void slip is issued or equivalent documentation is generated).

(5) Controls shall exist to prevent the writing and voiding of tickets after a game has been closed and after the number selection process for that game has begun.

(6) The controls in effect for tickets prepared in outstations (if applicable) shall be identical to those in effect for the primary keno game.

(b) The following standards shall apply if a rabbit ear system is utilized:

(1) A camera shall be utilized to film the following both prior to, and subsequent to, the calling of a game:

- (i) Empty rabbit ears;
- (ii) Date and time;
- (iii) Game number; and
- (iv) Full rabbit ears.

(2) The film of the rabbit ears shall provide a legible identification of the numbers on the balls drawn.

(3) Keno personnel shall immediately input the selected numbers in the computer and the computer shall document the date, the game number, the time the game was closed, and the numbers drawn.

(4) A gaming operation shall establish and comply with procedures which prevent unauthorized access to keno balls in play.

(5) Back-up keno ball inventories shall be secured in a manner to prevent unauthorized access.

(6) The gaming operation shall establish and comply with procedures for inspecting new keno balls put into play as well as for those in use.

(c) The following standards shall apply if a random number generator is utilized:

(1) The random number generator shall be linked to the computer system and shall directly relay the numbers selected into the computer without manual input.

(2) Keno personnel shall be precluded from access to the random number generator.

(d) Winning tickets shall be verified and paid as follows:

(1) The sequence number of tickets presented for payment shall be inputted into the computer, and the payment amount generated by the computer shall be given to the patron.

(2) A gaming operation shall establish and comply with procedures to preclude payment on tickets previously presented for payment, unclaimed winning tickets (sleepers) after a specified period of time, voided tickets, and tickets which have not been issued yet.

(3) All payouts shall be supported by the customer (computer-generated) copy of the winning ticket (payout amount is indicated on the customer ticket or a payment slip is issued).

(4) A manual report or other documentation shall be produced and maintained documenting any payments made on tickets which are not authorized by the computer.

(5) Winning tickets over a specified dollar amount (not to exceed \$10,000 for locations with more than \$5 million annual keno write and \$3,000 for all other locations) shall also require the following:

(i) Approval of management personnel independent of the keno department, evidenced by their signature;

(ii) Review of the videotape or development of the film of the rabbit ears to verify the legitimacy of the draw and the accuracy of the draw ticket (for rabbit ear systems only);

(iii) Comparison of the winning customer copy to the computer reports;

(iv) Regrading of the customer copy using the payout schedule and draw information; and

(v) Documentation and maintenance of the procedures in this paragraph.

(6) When the keno game is operated by one person, all winning tickets in excess of an amount to be determined by management (not to exceed \$1,500) shall be reviewed and authorized by someone independent of the keno department.

(e) Check out standards at the end of each keno shift. For each writer station, a cash summary report (count sheet) shall be prepared that includes:

(1) Computation of net cash proceeds for the shift and the cash turned in; and (2) Signatures of two employees who have verified the net cash proceeds for the shift and the cash turned in.

(f) If a gaming operation offers promotional payouts and awards, the payout form/documentation shall include the following information:

(1) Date and time;

(2) Dollar amount of payout or description of personal property (e.g., jacket, toaster, car, etc.);

(3) Type of promotion; and

(4) Signature of at least one employee authorizing and completing the transaction;

(g) Statistics shall be maintained as follows:

(1) Records shall be maintained which include win and write by individual writer for each day.

(2) Records shall be maintained which include (for each licensed game) win, write, and win-to-write hold percentage for:

(i) Each shift;

(ii) Each day;

(iii) Month-to-date; and

(iv) Year-to-date or fiscal year-to-date as applicable.

(3) Non-keno management independent from the keno personnel shall review keno statistical data at least on a monthly basis and investigate any large or unusual statistical variances.

(4) At a minimum, investigations shall be performed for statistical percentage fluctuations from the base level for a month in excess of  $\pm 3\%$ . The base level shall be defined as the gaming operation's win percentage for the previous business year or the previous 12 months.

(5) Such investigations shall be documented and maintained.

(h) System security standards. (1) All keys (including duplicates) to sensitive computer hardware in the keno area shall be maintained by a department independent of the keno function.

(2) Someone independent of the keno department shall be required to accompany such keys to the keno area and shall observe changes or repairs each time the sensitive areas are accessed.

(i) A gaming operation shall comply with the following documentation standards:

(1) Adequate documentation of all pertinent keno information shall be generated by the computer system.

(2) This documentation shall be restricted to authorized personnel.

(3) The documentation shall include, at a minimum:

(i) Ticket information (as described in paragraph (a)(1) of this section);

- (ii) Payout information (date, time, ticket number, amount, etc.);
- (iii) Game information (number, ball draw, time, etc.);
- (iv) Daily recap information which includes:
  - (A) Write;
  - (B) Payouts; and
  - (C) Gross revenue (win);
- (v) System exception information, including:
  - (A) Voids;
  - (B) Late pays; and
  - (C) Appropriate system parameter information (e.g., changes in pay tables, ball draws, payouts over a predetermined amount, etc.); and
- (vi) Personnel access listing which includes at least:
  - (A) Employee name;
  - (B) Employee identification number; and
  - (C) Listing of functions employee can perform or equivalent means of identifying same.
- (j) Keno audit standards.
  - (1) The keno audit function shall be independent of the keno department.
  - (2) At least annually, keno audit shall foot the write on the restricted copy of the keno transaction report for a minimum of one shift and compare the total to the total as documented by the computer.
  - (3) For at least one shift every other month keno audit shall perform the following:
    - (i) Foot the customer copy of the payouts and trace the total to the payout report; and
    - (ii) Regrade at least 1% of the winning tickets using the payout schedule and draw ticket;
  - (4) Keno audit shall perform the following:
    - (i) For a minimum of five games per week, compare the videotape/film of the rabbit ears to the computer transaction summary;
    - (ii) Compare net cash proceeds to the audited win/loss by shift and investigate any large cash overages or shortages (i.e., in excess of \$25.00);
    - (iii) Review and regrade all winning tickets greater than or equal to \$1,500, including all forms which document that proper authorizations and verifications were obtained and performed;

- (iv) Review the documentation for payout adjustments made outside the computer and investigate large and frequent payments;
- (v) Review personnel access listing for inappropriate functions an employee can perform;
- (vi) Review system exception information on a daily basis for propriety of transactions and unusual occurrences including changes to the personnel access listing;
- (vii) If a random number generator is used, then at least weekly review the numerical frequency distribution for potential patterns; and
- (viii) Investigate and document results of all noted improper transactions or unusual occurrences.
- (5) When the keno game is operated by one person:
  - (i) The customer copies of all winning tickets in excess of \$100 and at least 5% of all other winning tickets shall be regraded and traced to the computer payout report;
  - (ii) The videotape/film of rabbit ears shall be randomly compared to the computer game information report for at least 10% of the games during the shift;
  - (iii) Keno audit personnel shall review winning tickets for proper authorization pursuant to paragraph (d) (6) of this section.
- (6) In the event any person performs the writer and deskman functions on the same shift, the procedures described in paragraphs (j)(5) (i) and (ii) of this section (using the sample sizes indicated) shall be performed on tickets written by that person.
- (7) Documentation (e.g., a log, checklist, etc.) which evidences the performance of all keno audit procedures shall be maintained.
- (8) Non-keno management shall review keno audit exceptions, and perform and document investigations into unresolved exceptions.
- (9) When a multi-game ticket is part of the sample in paragraphs (j)(3)(ii), (j)(5) (i) and (j)(6) of this section, the procedures may be performed for 10 games or 10% of the games won, whichever is greater.
- (k) Access to the computer system shall be adequately restricted (i.e.,

passwords are changed at least quarterly, access to computer hardware is physically restricted, etc.).

(l) There shall be effective maintenance planned to service keno equipment, including computer program updates, hardware servicing, and keno ball selection equipment (e.g., service contract with lessor).

(m) Keno equipment maintenance (excluding keno balls) shall be independent of the operation of the keno game.

(n) Keno maintenance shall report irregularities to management personnel independent of keno.

(o) All documents, including computer storage media discussed in this section shall be retained for five (5) years except for the following which shall be retained for at least seven (7) days:

(1) Videotape of rabbit ears;

(2) All copies of winning keno tickets of less than \$1,500.00; and

(3) The information required in paragraph (i) (3) of this section.

(p) Procedures shall be established to notify keno personnel immediately of large multi-race winners to ensure compliance with standards in paragraphs (d)(5) (i) through (v). Procedures shall be established to ensure that keno personnel are aware of multi-race tickets still in process at the end of a shift.

(q) For any authorized computer applications, alternate documentation and/or procedures which provide at least the level of control described by the standards in this section will be acceptable.

**§ 542.10 What are the minimum internal control standards for pari-mutuel wagering?**

(a) Betting ticket and equipment standards. (1) All pari-mutuel wagers shall be transacted through the pari-mutuel satellite system. In case of computer failure between the pari-mutuel book and the hub, no tickets shall be manually written.

(2) Whenever a betting station is opened for wagering or turned over to a new writer/cashier, the writer/cashier shall sign on and the computer shall document gaming operation name, sta-

tion number, the writer/cashier identifier, and the date and time.

(3) A betting ticket shall consist of at least three parts:

(i) An original which shall be transacted and issued through a printer and given to the patron;

(ii) A copy which shall be recorded concurrently with the generation of the original ticket either on paper or other storage media (e.g., tape or diskette);

(iii) A restricted copy which shall not be accessible to book employees; and

(iv) For automated systems the second copy referred to in paragraph (a)(3)(ii) and the restricted copy referred to in paragraph (a)(3)(iii) may be retained within the automated system.

(4) Upon accepting a wager, the betting ticket which is created shall contain the following:

(i) An alpha-numeric ticket number (the alpha-numeric need not be used if the numeric series is not used during the business year);

(ii) Gaming operation name and station number;

(iii) Race track, race number, horse identification or event identification, as applicable;

(iv) Type of bet(s), each bet amount, total number of bets, and total take; and

(v) Date and time.

(5) All tickets shall be considered final at post time.

(6) If a book voids a betting ticket written prior to post time:

(i) A void designation shall be immediately branded by the computer on the ticket;

(ii) All voids shall be signed by the writer/cashier and the supervisor at the time of the void; and

(iii) A ticket may be voided manually by inputting the ticket sequence number and immediately writing/stamping a void designation on the original ticket.

(7) Future wagers shall be accepted and processed in the same manner as regular wagers.

(b) Payout standards. (1) Prior to making payment on a ticket the writer/cashier shall input the ticket for verification and payment authorization.